

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Four)

Docket No. RM2020-11

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued August 10, 2020)

To clarify the Postal Service's petition to consider proposed changes in analytical principles, filed July 13, 2020, the Postal Service is requested to provide written responses to the following questions.¹ The answers should be provided as soon as they are developed, but no later than August 17, 2020.

1. Please refer to Excel file "FY19 FPS Regulatory Product ReportwithTables.xlsx," tab "ICRA Summary."
 - a. Please refer to cell D82. Please confirm that the expenses found in cells D7, D10, D13, D22, D30, and D37 are all associated with the settlement costs of outbound packets found in cell D82 and explain why these costs are incurred exclusively by packets and not by both packets and format P/G pieces.
 - b. Please refer to cell D87. Please confirm that the expenses found in cells D39, D43, D53, D65, D69, and D72 are all associated with the settlement costs of outbound packets found in cell D87 and explain why these costs are incurred exclusively by packets and not by both packets and format P/G pieces.
2. Please refer to Excel file "Reports (Unified).xls" (Reports file), tab "B Pages (c)," cells DN397, DN399, and DN401. Please confirm that the values included in the

referenced cells are not equal to the identified international transportation cost of International Priority Airmail (IPA), format P/G (IPA_PG) + IPA MBag (IPA_MBag) volume destined to IPA groups 15, 17, and 19, respectively, as found in tab "ICRA Database." If confirmed, please correct the values in the referenced cells. If not confirmed, please explain why the values in the referenced cells are correct.

3. Please refer to the Reports file, tab "B Pages (c)," cells EE383:EH401. Please confirm that to distribute air conveyance cost of IPA_PG + IPA_MBag volume destined to System for International Revenue and Volume, Outbound (SIRVO) groups 990, 991, 992, and 993, kilogram shares found in cells CA383:CD401 should be used. If confirmed, please file a corrected Reports file. If not confirmed, please explain why air conveyance cost of IPA_PG + IPA_MBag volume destined to SIRVO groups 990 to 993 is multiplied by gross weight found in cells CI383:CL401, in cells EE383:EH401.
4. Please refer to Excel file "Outbound Calcs.xls" (Outbound Calcs file), tab "isal." Please refer also to the Reports file, tab "B Pages (c)." Please confirm that the kilogram shares used for International Surface Airlift (ISAL) MBag (ISAL_Mbag) in cells CA308:CA309 of the Reports file are those of the non-Mbag ISAL mail, found in cells AD45:AD46 of the Outbound Calcs file. If confirmed, please explain why the values in cells CA308:CA309 of the Reports file are not equal to values found in cells AI45:AI46 of the Outbound Calcs file. If not confirmed, please explain.
5. Please refer to the Reports file, tab "B Pages (c)," cells O465 and O467. Please explain why the values in the referenced cells are not calculated as values from respective rows in column DM divided by values in column D.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Four), July 13, 2020 (Petition).

6. Please refer to the Reports file, tab “B Pages (c),” cells N436:N439 and N464:N468. Please confirm that the referenced cells do not include domestic transportation cost of ISAL packet (ISAL_E) and IPA packet (IPA_E) pieces destined to SIRVO groups 990 to 993. If confirmed, please explain why domestic transportation cost per piece in the referenced cells is not calculated similarly to that found in cells N369:N372 (for ISAL) and N397:N401 (for IPA).
7. Please refer to the Reports file, tab “Unit_Cost_Staging.”
 - a. Please refer to cells V82:V101. Please confirm that the values in the referenced cells should be calculated using the values in respective rows of column I and the values in respective rows of column AD. If confirmed, please file revised workpapers accordingly. If not confirmed, please explain.
 - b. Please discuss the same issue regarding cells V165:V173.
8. Please refer to the Reports file, tab “Unit_Cost_Staging.”
 - a. Please refer to cell AD121. Please explain if a similar adjustment should be made to weight-rated terminal dues value per Priority Mail Express International (EMI) piece to Canada, found in cell J121.
 - b. Please discuss the same issue regarding weight-rated terminal dues value of Priority Mail International (PMI) piece to Canada, found in cells J139:J147.
 - c. Please refer to cells I165:J165. Please explain whether the piece-rated and the weight-rated terminal dues values found in the referenced cells should be adjusted to reflect the negotiated per-item and per kilogram (kg) rates for outbound First-Class Package International Service (FCPIS) pieces in effect during Fiscal Year (FY) 2019, similarly to the adjustments found in cells AD121 and AD139:AD147.

- d. Please refer to cells V121:W121. Please confirm that the values in the referenced cells should be calculated from the adjusted value found in cell AF121 and an adjusted weight-rated terminal dues value referred to in question 8.a. above, and not from the values currently found in cells I121:J121, respectively. If confirmed, please file corrected workpapers. If not confirmed, please explain.
 - e. Please discuss the same issue regarding PMI and FCPIS pieces to Canada, found in cells V139:W147 and V165:W173, respectively.
9. Please refer to the Reports file, tab "Unit Cost Staging."
- a. Please refer to cells C21, E21, F21, G21, and H21. Please confirm that these values are calculated in tab "B Pages (c)" and that the denominators include ISAL_MBag volume while the numerators do not include respective ISAL_MBag costs. If confirmed, please explain whether ISAL_MBag volume should be removed from the denominators in respective cells in tab "B Pages (c)." If not confirmed, please explain.
 - b. Please refer to cell N21. Please confirm that the value in the referenced cell is the average weight per piece across ISAL, format P/G (ISAL_PG) and ISAL_MBag volume. If confirmed, please explain if the value in the referenced cell should be calculated across ISAL_PG volume only.
10. Please refer to the Reports file, tab ""Unit_Cost_Staging." Please refer to cells N2:N188. Please confirm that some of the values in the referenced cells represent gross weight per piece, while other values represent net weight per piece, in lbs. Please explain why gross weight or net weight per piece is not used consistently in the referenced column.
11. Please refer to cell N81. Please confirm that the value in the referenced cell is calculated as $(\text{net weight of IPA_P/G} + 2 \times \text{net weight of IPA_MBag}) / (\text{IPA_P/G} + \text{IPA_MBag pieces})$. If confirmed, please explain why net weight of IPA_MBag

is included twice in the numerator of the formula that calculates the value in cell N81.

12. Please refer to Docket No. ACR2019, Library Reference USPS-FY19-NP2, December 27, 2019, Excel files “SIRVO_Processed.xlsx” (SIRVO file) and “Inputs.xls” (Inputs file). Please refer to tabs “SIRVO_Server” and “SIRVO_Server_Packets” of the SIRVO file. Please refer to tabs “RPW Gross Weight,” “RPW Net Weight,” “RPW Volume,” and “RPW Revenue” of the Inputs file.
 - a. Please confirm that the gross weight, net weight, volume, and revenue, found in column G of each Inputs file tab, is equal to gross weight, net weight, volume, and revenue of (total IPA – IPA_E), or (IPA_P/G + IPA_MBag), found in column K plus column H values of “SIRVO_Server” tab minus column E values of “SIRVO_Server_Packets” tab of the SIRVO file, respectively. If not confirmed, please explain the values found in column G of each Inputs file tab.
 - b. Please refer to the Reports file, tab “BenchMarkControlsWgt,” cells P34 and E33. Please confirm that the value found in cell P34 includes weight-based terminal dues expenses for IPA_MBag, calculated from MBag terminal dues rates per kg applicable in Calendar Years (CY) 2018 and 2019, and that the value found in cell E33 includes weight-based terminal dues expenses of IPA_P/G and IPA_MBag, calculated from P/G terminal dues rates per kg applicable in the CY 2018 and 2019. If not confirmed, please explain.
 - c. Please refer to the Reports file, tab “BenchMarkControlsPc,” cell E33. Please confirm that the value in the referenced cell includes item-based terminal dues expenses for IPA_P/G and IPA_MBag, calculated from P/G terminal dues rates per item applicable in CY 2018 and 2019. If not confirmed, please explain.

- d. If questions 12.b. and 12.c. are confirmed, please explain why settlement costs are calculated twice for IPA_MBag, once at MBag terminal dues rate per kg and once at P/G terminal dues rate per kg and per item, and why IPA_MBag are not treated separately in the Inputs file for further use in the International Cost and Revenue Analysis.

By the Chairman.

Robert G. Taub